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Chairman: Mr. Effah Apentang ..... (Ghana)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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The meeting was called to order at 10 a.m.

Agenda item 129: Improving the financial situation of the United Nations (*continued*) (A/56/464*)

1. **Mr. Asadi** (Islamic Republic of Iran), speaking on behalf of the Group of 77 and China, reaffirmed the legal obligation of Member States to bear the expenses of the Organization, in accordance with the Charter of the United Nations, by paying their contributions in full, on time and without conditions. At the same time, there was a need to understand that some States might temporarily be unable to do so as a consequence of genuine economic difficulties. It was encouraging that in the current year the Organization could recover its financial health, which should permit it to discharge the mandate given to it by Member States. In the next budget submission the Secretariat should report to the General Assembly on the implementation rate of mandated programmes and activities.

2. The Group, having understood that the information provided by the Under-Secretary-General concerning the payment that the United States would make at the end of the year was based on projections, requested clarification about the sources and basis of such projections. In any event, such payments must not be subjected to any conditionalities.

3. The Group was also concerned about cash-flow problems faced by the Organization in the second half of every year due mainly to late payment of contributions by major contributors. It was the duty of all States to align their payments so as to permit the Organization to have financial resources available to it early in the year. As the cash balance was expected to be negative by about $100 million by November of the current year, the Group would like to find out how the Secretariat intended to resolve the situation without resorting to cross-borrowing. It furthermore noted that the projected debt stood at $1.8 billion at the end of the year, nearly half of which was owed by the State which was the major contributor. He expressed concern about the financial situation that would prevail after 2001 and underscored in that regard that all Member States which had accumulated arrears, in particular the major contributor, should clear the full amounts as they were stated in the documents of the Secretariat, without any conditions.

4. The Group was concerned about late and irregular reimbursements to developing countries that provided troops and equipment to various peacekeeping operations. Those countries were in effect paying a subsidy to the Organization and were thus subjected to undue financial stress. He therefore welcomed the Secretary-General's announced intention to use the prospective payment by the major contributor for reimbursements owed to troop-contributing countries. The Claims and Information Management Section must immediately be provided with extra personnel, including temporary staff if necessary, so that it could handle claims without delay. The criteria for effecting reimbursements to troop-contributing countries, in particular developing countries, should be drawn up urgently. The Group was concerned that "write-offs" of some liquidated peacekeeping missions had not yet been duly certified, and that the attention of the Member States had not been drawn to that problem. It would like to know which measures had been taken by the Department of Peacekeeping Operations to solve on an urgent basis the issue of write-offs in liquidated missions. Furthermore, the Claims and Information Management Section must honour all its commitments made to troop-contributing countries for the reimbursement of the corresponding amounts. The Group would like to be informed of all pending claims requests. It also would like the reimbursement process to be transparent, fair and based on objective criteria. In conclusion, he reaffirmed that the Group of 77 and China would continue to take part in the collective effort to improve the Organization's financial situation.

5. **Mr. de Ruyt** (Belgium), speaking on behalf of the European Union, the Central and Eastern European countries associated with the European Union, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia and the associated countries Cyprus, Malta and Turkey, said that the European Union cautiously shared the satisfaction expressed by the Under-Secretary-General at the prospect that, at the end of 2001, the Organization might have some financial room for manoeuvre. It took note of the efforts of the Government of the United States to pay its arrears following the adoption by the General Assembly of resolution 55/5, which had reduced that country's contribution to the regular budget from 25 to 22 per cent, thereby showing that the additional burden for the other Member States had not been assumed in vain. But the Organization's financial situation as at 30 September 2001 remained precarious, with total arrears across all budgets amounting to nearly $3.9 billion, or

nearly $800 million more than at the same date the previous year. The number of Member States that had paid their contributions to the regular budget in full as at 30 September (122 States) was the lowest in three years. Moreover, unpaid amounts to the budgets of the International Tribunals were 31 per cent higher than they had been on the same date the previous year, while unpaid amounts to the peacekeeping budget had reached the record figure of approximately $3.3 billion. That explained why the Organization was currently operating with a deficit. The European Union expected that situation to change radically by 31 December 2001, but regretted that the Organization should have to face such difficulties for 11 of the 12 months of each year for so many years. In any event, current indicators showed that the financial situation of the United Nations remained largely dependent on a small number of large contributors that set themselves payment deadlines and engaged in forms of financial arbitrage that were detrimental to the Organization. It was therefore still necessary to apply a series of measures to encourage the prompt, full and unconditional payment of contributions.

6. The European Union welcomed the fact that the favourable financial projections for 31 December 2001 would enable the Organization to reduce its debt to troop-contributing countries (from $917 million to $422 million) and that the Organization could soon become current in its reimbursements. Countries would thus be encouraged to participate in peacekeeping operations and those benefiting from the reimbursements could in turn pay off their arrears to the Organization.

7. **Mr. Mackay** (New Zealand), speaking also on behalf of Australia and Canada, said that a stable financial base, without which the Organization could not carry out the activities mandated by Member States, also reflected the strength of their political commitment to the Organization, its Charter, its objectives and its credibility. Australia, Canada and New Zealand welcomed the projections by the Under-Secretary-General for Management and acknowledged the efforts of the United States to address its arrears. It must be remembered, however, that the figures that had been given were based on projected payments and not on funds actually received. It was therefore for Member States to make good on their commitments.

8. Those favourable projections should not remove the sense of urgency in doing what was necessary to improve the Organization's financial situation: it was a matter of concern that the number of countries that were up to date with their contributions appeared likely to decrease in 2001. All Member States were legally bound under the Charter to meet their share of the expenses of the Organization. The Secretariat, which shared responsibility for the effective functioning of the Organization, should strive for efficiency by improving its billing system: the ability of States to meet the 30-day payment window for peacekeeping assessments would be greatly enhanced if the Secretariat provided an indicative schedule of assessment dates. The current practice of issuing assessments without notice imposed additional administrative burdens on States, many of which operated on a different fiscal year than the United Nations. While assessments clearly could not be issued until the Security Council had renewed the peacekeeping mandates in question, an informal, indicative system could be established to assist Member States. Improvements were also possible in the time taken to bill Member States for new peacekeeping mandates following their approval. The current financial situation remained tight and it was therefore frustrating that it could take up to two months following a decision to approve a mission to issue invoices to Member States.

9. Australia, Canada and New Zealand welcomed the prospect of reimbursement to troop-contributing countries, following the pay down of peacekeeping arrears. The outstanding debts continued to be an irritant. They affected countries of all sizes and from all geographic regions, most of which continued to meet their own assessment obligations.

10. The prospect of a healthy financial situation was encouraging. The delegations of Australia, Canada and New Zealand would nevertheless continue to press for enhanced efficiency and productivity and would work in partnership with the Secretariat and other Member States to achieve the financial stability foreshadowed in the presentation by the Under-Secretary-General for Management.

11. **Mr. Kennedy** (United States of America) said that the United States was firmly committed to the United Nations and proud to have been the largest contributor every year since its inception. The previous year, total contributions by the United States to the United Nations system had amounted to approximately $2.8 billion. In 2001, they were expected to exceed

$3 billion. He was pleased to announce that voluntary donations to the World Food Programme in 2001 were already in excess of $1 billion, the largest amount the United States had ever paid to a United Nations agency.

12. The United States was staunchly committed to paying its debt to the Organization and was making progress in that direction: the previous week, President Bush had signed legislation authorizing the payment of $582 million in peacekeeping arrears so that troop-contributing States could be reimbursed. He drew attention, in addition, to $571 million in peacekeeping assessments for 2001, $23 million for the international tribunals and $27 million already paid in regular budget assessments; the remainder should be paid as soon as the Congress completed its work on the United States budget. Thus, $621 million in assessments for 2001 had already been paid.

13. The financial outlook of the United Nations was now positive; however, the figures quoted by the Under-Secretary-General for Management merely meant that the Organization's deficit had decreased, not that strict budgetary discipline could be abandoned. Careful attention must therefore be given not only to priority areas in order to ensure their funding, but also to areas that could be made more efficient and effective — conference services, the Department of Public Information and information technology activities.

14. **Mr. Chaudhry** (Pakistan) supported the statement made on behalf of the Group of 77 and China and expressed the hope that the improved financial situation of the Organization would continue until the United Nations was financially stable. He noted with satisfaction that reimbursement of the amounts owed to troop-contributing countries had been accorded top priority. He hoped that the extraordinary practice of cross-borrowing, which could undermine the operation of peacekeeping missions and caused delays in reimbursement, would no longer be resorted to in future. It was also his delegation's understanding that, in the wake of the reform of the scale of assessments achieved by the Fifth Committee in 2000, and provided that all Member States fulfilled their obligations, the Organization would no longer face financial uncertainty in the foreseeable future. Pakistan supported the ongoing budgetary reform with a view to improving further the financial effectiveness of the Organization.

15. **Ms. Merchant** (Norway) expressed satisfaction that the country which was the largest contributor was expected to pay a total of $1,666 million in 2001. That should alleviate a deficit which the Organization had had to endure far too long and enable it to reimburse a substantial part of the amounts owed to countries which had contributed troops and contingent-owned equipment. Her delegation was pleased that the ratio of payments to assessed contributions was higher than in previous years and that financial stability and security were close at hand.

16. Unfortunately, however, even after the projected payments, by 31 December 2001, Member States would still owe the United Nations $1,799 million, of which $1,538 million was for peacekeeping operations. She noted that, thus far, 124 countries had paid their assessments in full, but that at least 18 others must do likewise by 31 December in order to continue the improvements of recent years. The situation was hardly encouraging; Mr. Connor himself had stated that the only way to overcome a chronic cash deficit was for Member States to pay their contributions on time and in full.

17. The level of regular budget assessments had remained constant since 1994, while a major effort had been made to make the Organization more efficient in the areas of human resources management, budgeting and peacekeeping. By contrast, there had been a steep rise in peacekeeping assessments; however, Member States should not lose site of the fact that the maintenance of peace and security was one of the raisons d'être of the Organization, and that they must live up to their collective responsibility. Her delegation noted that unpaid peacekeeping assessments were expected to fall significantly by 31 December 2001 but nonetheless urged those States in a position to do so to meet their financial obligations. She expressed the hope that, in considering agenda item 122 (programme budget for the biennium 2000-2001), the Fifth Committee would seriously consider measures to encourage countries to pay their contributions on time, in full and without conditions.

18. **Mr. Cheong** Ming Foong (Singapore) welcomed the degree of optimism which replaced the gloomy picture of so many years, largely caused by the sizeable arrears of the Member State which was the major contributor. The amount of $582 million which the major contributor was about to pay for peacekeeping operations was not an insignificant portion of those

arrears; thanks to that payment, together with others by the United States and certain other countries, paid contributions should exceed assessments in 2001. It was to be hoped that those expectations would be realized, enabling the United Nations to pay back large amounts owed to Member States, and, at the same time, regain a measure of financial flexibility which would also enable it to devote adequate resources to carrying out the programmes mandated by Member States.

19. Before celebrating, however, one must ask whether the good news really meant that the cash-flow problems of recent years had truly been solved. Upon closer inspection, two fundamental issues still needed to be dealt with before it could be said that the Organization was once again in sound financial health and would remain so in the long term. First, it was still a fact that the cash balance of the regular budget regularly went into deficit in the second half of the year. As long as Member States did not pay their assessments on time, the United Nations would still have to resort to the unhealthy practice of cross-borrowing, and the Under-Secretary-General for Management had been right to draw attention to it. Secondly, while the actual payments in 2001 might well exceed the amount assessed during the year, it was troubling to note that there would still be almost $1.8 billion in unpaid assessments by year's end — half of which was owed by one State, which regarded a substantial part of that outstanding amount as contested arrears and seemed to be in no hurry to announce when it intended to finish paying its debt.

20. In the wake of the events of 11 September, the United Nations could expect to be called upon to do more rather than less when it came, for example, to participating in the struggle against terrorism or establishing a presence in a post-conflict Afghanistan. Therefore, rather than complacency over the improved situation announced by the Under-Secretary-General, the political will must be found to put the United Nations on a financially secure footing.

21. **Ms. Aguinaldo** (Philippines), speaking on behalf of the member States of the Association of Southeast Asian Nations (ASEAN), endorsed the statement made on behalf of the Group of 77 and China. ASEAN welcomed the fact that the United Nations expected to receive by early November a partial payment of the United States arrears. Those $582 million had changed the profile of the charts.

22. However, it should not be forgotten that $1.8 billion in unpaid assessments were outstanding. That meant that the financial crisis was not over, and the fear was that it might undermine the Organization's ability to implement fully and effectively the programmes mandated by Member States. It was also a matter of concern that it was still provisionally necessary to cross-borrow from peacekeeping accounts to finance regular budget expenses. The only solution was for Member States to pay assessed contributions in full, on time and without conditions.

23. **Ms. Wahab** (Indonesia) said that she endorsed the statements made on behalf of the Group of 77 and China and of ASEAN. Her delegation welcomed the Under-Secretary-General's announcements, particularly with regard to the total aggregate payments for 2001 and the payment by the United States of the second tranche of its peacekeeping arrears. The Organization would thus be enabled to reimburse part of its debts, many of them very long-standing, to troop-contributing countries and to enjoy renewed confidence on the part of Member States.

24. It was to be hoped that the United States would make an effort to pay its remaining arrears. Yet in any case the United Nations financial situation remained critical, especially in terms of the cash-flow problems attributable to the late payment of assessed contributions by the major contributor.

25. The importance of paying assessed contributions in full, on time and without conditions could not be overemphasized — which did not mean, however, that understanding must not be shown towards those countries which were willing to pay but were temporarily unable to do so because of genuine difficulties beyond their control.

26. **Mr. Kadiri** (Morocco), endorsing the statement made on behalf of the Group of 77 and China, welcomed the fact that the United Nations was on the verge of recovering a certain amount of financial freedom of movement, and that financial stability and security were, as the Under-Secretary-General for Management had said, at hand. After so many years of financial crisis, the 2001 payments should exceed expectations and the amount of unpaid contributions should fall from $3.9 billion on 30 September to $1.8 billion by year's end.

27. His delegation still considered the financial situation of the United Nations to be a matter of

concern and pointed out that the Charter made it the obligation of all Member States to pay their contributions in full, on time and without conditions, although the difficulties some of them might be experiencing, especially some of the developing countries, had to be taken into account. In fact, although it was good that part of the arrears paid by the United States would go towards reimbursing the troop-contributing countries, the fact remained that the delay in paying those countries had seriously undermined their capacity to take part in other peacekeeping operations. Like the Group of 77 and China, Morocco was concerned by the requests for reimbursement which had not yet been approved even though they concerned military equipment damaged in the course of peacekeeping operations that had already been terminated, and it would like to know what arrangements had been made in that regard.

28. **Mr. Lavrov** (Russian Federation), observing that the Organization's financial situation was on the mend, said that the figures given by the Under-Secretary-General for Management justified a cautious optimism, because the United Nations now had a real chance of pulling back from the edge of the financial abyss before which it had found itself in recent years. However, the overall situation remained disquieting: the total United Nations arrears of Member States amounted to more than $3.8 billion, $3.2 billion of which were owed to peacekeeping operations, at a time when developments in several regions demanded an expansion of peacekeeping missions and therefore an increase in the resources devoted to them. At the same time, the Organization owed over $1 billion to the countries that had contributed troops and equipment.

29. While he welcomed the intention of the country with the highest assessed contributions to pay over $1.4 billion in arrears and assessed contributions to the Organization by the end of the year, he wished to point out that nearly $645 million must be paid to the Organization by other States by the end of the year. That amount should be paid quickly to the Organization in order to allow it to settle its chronic financial problems — cash deficits and cross-borrowing from peacekeeping accounts — and reduce its debt to the troop and equipment contributing countries.

30. The Russian Federation had made very tangible efforts to support the Organization. In 2001 alone, it had paid nearly $62 million for assessed contributions and arrears. Despite the difficulties it was experiencing, his Government paid its assessed contributions for the regular budget in full; for seven years, it had been contributing to peacekeeping amounts in excess of its assessed contributions, gradually reducing its debt to the United Nations. Such debt, which had been reduced by a tenth of the original amount since 1994, should be reduced further by the end of the year.

31. For the Organization to be on a firm financial footing, Member States must have the political will to live up to their undertakings. However, the system for the apportionment of expenses was equally important. The scale of assessments was both financial and political in nature, in that an equitable apportionment of expenses was reflective of trust in the Organization. In that regard, crucial decisions concerning the reform of the scales of assessment for the regular budget and for peacekeeping had been taken the previous year by consensus. The current year's financial results should now reflect that new paradigm, confirming the optimistic forecasts concerning the improvement of the financial situation of the United Nations.

32. **Mr. Shen** Guofang (China) said that, while he fully endorsed the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and his country, he would like to make some additional comments. No Member State would dispute the fact that the complex international situation called for a strengthened role of the United Nations and that such role would be impossible without a stable and solid financial situation. The question of improving the financial situation of the United Nations had become a perennial item on the Committee's agenda, with most delegations repeating year after year that all Member States should honour their obligations and that the country with the largest arrears should pay what it owed to the Organization in full and without conditions. His delegation welcomed the good news announced by the Under-Secretary-General for Management and hoped that his optimism would turn out to be justified.

33. He wished to stress that the new scales of assessment for the regular budget and for peacekeeping must be comprehensively and rigorously implemented, and that the country with the largest arrears should emulate the majority of Member States by paying its assessments in full, on time and without conditions and paying all its arrears as requested by the General

Assembly. For its part, China, a developing country with a relatively low capacity to pay, had agreed to a large increase in its assessments for both the regular budget and peacekeeping, in accordance with the resolutions adopted in December 2000.

34. China, like most Member States, supported the Secretary-General's reform measures. Due to the hard work of most Member States, some progress had been made with respect to the financial reforms, including adjustments to the scales of assessment and the adoption of a new budgeting format. The time had come to resolve the financial difficulties of the United Nations once and for all; that was absolutely essential for the Organization to be able to fulfil its mission and carry out its responsibilities under the Charter. Once again, Member States should honour their obligations in order to enable the Organization to function more effectively and serve all mankind better.

35. **Mr. Sun** Joun-yung (Republic of Korea) said that at a time when the United Nations was being called upon to play a greater role and to take on more responsibilities, a sound and stable financial structure was more indispensable to the Organization than ever before. His delegation had reiterated its concern over the Organization's precarious financial situation, and had urged all the Member States to pay their assessments in full, on time and without conditions. Considerable progress had been made in December 2000, thanks to the efforts of many countries, including the Republic of Korea, which had agreed to shoulder a heavier burden for the sake of achieving the common goal of improving the Organization's financial situation.

36. After years of gloomy financial forecasts, it was heartening to learn that there seemed to be a glimmer of light at the end of the tunnel. By the end of the year, there should be a significant improvement in the financial situation in terms of three key elements: cash reserves would increase; the level of unpaid assessments would decline; and the Organization's debt to troop and equipment contributing countries would be drastically reduced. In that regard, he commended the United States for its efforts, which had contributed considerably to the improvement in the situation. His delegation supported the Secretariat's plan to use the peacekeeping arrears to pay first and foremost troop contributors. Since peacekeeping was one of the core functions of the United Nations, delays by the Organization in honouring its debts impaired its credibility.

37. However, the Under-Secretary-General's optimistic picture was not without a downside. The number of countries paying their regular budget assessments in full decreased from 131 on 30 September 2000 to 121 on 30 September 2001. In order to arrest that trend and forestall a recurring cash deficit in the second half of the year, Member States should, as requested by the Under-Secretary-General, pay their contributions on time.

38. Moreover, the Secretariat projected that the assessment level for financing peacekeeping operations would exceed $3 billion by the end of the year, and the budget for the two international criminal tribunals was estimated to be $169 million for the year 2001. While his delegation remained a strong supporter of such activities, it believed that further economy measures should be taken, especially in the areas of procurement, asset and inventory management and human resources management. Furthermore, the evaluation of methods and procedures should be systematized, oversight mechanisms should be strengthened and budgetary discipline should become one of the key features of the Organization's management culture. Certainly it was incumbent upon Member States to ensure the financial solvency of the Organization, but it was for the Administration to ensure that its structure and activities were more streamlined, and even more efficient and better organized.

39. Looking to the future, he said it was to be hoped that the Organization would be well funded, well organized and well equipped to tackle the new challenges of the time. The Member States and the Secretariat shared the responsibility for realizing that vision and his delegation was wholly committed and prepared to extend its full support.

40. **Mr. Ahsan** (Bangladesh) said that his delegation aligned itself with the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China. His country was also gratified to note that the Organization had regained much-needed financial flexibility thanks to the compliance of Member States with their Charter obligations regarding payment of their assessed contributions. There was no need to repeat that respect for budgetary discipline would go hand in hand with the efforts made by Member States.

41. All delegations would recall the pains they had taken at the end of 2000 to arrive at new scales of assessments intended specifically to strengthen the financial basis of the Organization. All Member States must therefore honour the commitments they had made; by paying their contributions on time they would save the Organization from having to have recourse to such unorthodox practices as withdrawing funds from the accounts for peacekeeping operations.

42. His delegation was happy to note that the amounts expected to be received over the next three months would allow the Organization to pay the bulk of the money owing to troop-contributing countries. The Secretary-General was right to want to use the arrears paid by the United States of America for that purpose. As the largest troop-contributing country, Bangladesh could not emphasize enough the need for contributions to be paid on time, and his delegation wished to add that it was often in spite of the difficult situations in which they found themselves that the troop-contributing countries, which were mostly developing countries, not only paid their contributions on time but also mobilized material and human resources to answer the call of the United Nations.

43. His delegation was concerned about the delay in processing reimbursement claims, particularly those relating to equipment. While it used to take about three months, it now took on average twice as long. It would be interesting to hear from the Under-Secretary-General for Management how the Secretariat intended to address the problem.

44. **Mr. Jalang'o** (Kenya) said that his delegation associated itself with the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China. It was the collective responsibility of the Member States to provide the Organization with the financial resources it needed to carry out its mandate. Unpaid assessed contributions to peacekeeping operations had now reached $3.2 billion; that was a matter of concern to troop-contributing countries such as Kenya. Nevertheless, his delegation noted with appreciation that the Secretary-General had decided to reimburse those countries as soon as the major contributor had made a payment on its arrears.

45. While it appreciated the efforts of the United Nations, his delegation lamented the serious delays still encountered in the reimbursement of countries for contingent-owned equipment. Those delays created considerable difficulties for all countries, particularly the developing countries, which, although they remained committed to the call of duty, saw their capacity to participate effectively in peacekeeping operations reduced. His delegation would like the reimbursement of troop costs and contingent-owned equipment to be tied to a time frame so that situations would no longer arise where the Organization still owed large sums years after the closure of missions, as was the case with Kenya, to which the Organization owed slightly over $4.5 million for equipment by virtue of its participation in the peacekeeping operation in the former Yugoslavia which had been closed more than five years earlier. More than 1,000 Kenyan soldiers were currently deployed in Sierra Leone, yet Kenya had still not received any reimbursement for equipment, although the United Nations Mission in Sierra Leone was expected to conclude towards the end of 2002.

46. His delegation pointed out that Kenya had always endeavoured to pay its contribution in a timely manner. It invited other States to do likewise and hoped that the United Nations would also meet its obligations on time.

47. **Mr. Requeijo Gual** (Cuba) said that he associated himself with the statement made by the representative of Iran on behalf of the Group of 77 and China. His delegation noted that the Organization's financial situation, as it would be at the end of 2001, was encouraging and should be welcomed, provided that there were conditions attached to the promised payments. The payment of contributions and arrears was an obligation incumbent on all Member States under the Charter, although that did not mean that the specific situation of countries experiencing economic difficulties should not be taken into account.

48. His delegation considered that the promises of payment called for some comments. It was true that the total assessed contributions amounted to $4,246 million as at the end of 2001, an amount far higher than in past years; however, inflation and changes in exchange rates could result in spending in excess of the budget to be adopted for the next biennium. As of 30 September 2001, the total amount of unpaid contributions ($3,893 million) had been greater than the total amount of paid contributions recorded 12 months previously and, even if the anticipated payments were made, the arrears would amount to approximately $2 billion. The arrears of the major contributor continued to place a strain on the Organization's finances. Furthermore, even if the

commitments that had been made were met — and the legislative bodies of the country in question had recently released only $582 million — a considerable sum of arrears would remain subject to conditions, such as a ceiling on the total amount of resources, which might be detrimental to the Organization's activities. Thus, although the overall cash flow position might have improved, financial stability was still far from achieved.

49. His delegation would appreciate further clarification as to the use to which the anticipated $582 million would be put, taking into account the current financial rules and practices and, in particular, as to how much would be used to reimburse troop- and equipment-contributing countries.

50. Referring to the proposals made under agenda item 125 (scale of assessments) regarding the strengthening of the application of Article 19 of the Charter, and in the context of the improvement in the financial situation of the Organization, he said it would be wise to consider a specific, comprehensive and balanced discussion of all measures that might help to improve that situation.

51. **Mr. Singhara Na Ayudhaya** (Thailand) said that he associated himself with the statement made by the representative of Iran on behalf of the Group of 77 and China. He was pleased to learn that the financial situation of the Organization would improve, thanks to the reduction of unpaid assessments, and that the anticipated payment by the major contributor would be used to reimburse troop-contributing countries, including Thailand. He urged the Organization to continue to speed up the reimbursement and stressed that it must be able to rely on a solid financial foundation if it was to fulfil its growing mandate, particularly in the area of peacekeeping. For its part, Thailand paid its contributions in full and in a timely manner, despite its financial difficulties.

52. **Mr. Connor** (Under-Secretary-General for Management) made two announcements: first, the United States of America had already paid $637 million of the $1,459 million that it had promised to pay by the end of 2001; and, second, to date, 126 Member States had paid their contributions to the regular budget for the year 2001 and the deficit compared with 2000 had thus almost been made up.

53. He also wished to provide two explanations. In reply to the representative of Norway, who had expressed regret that assessment notices were not sent to countries as promptly as possible, he said he would ask for an effort to be made to improve the situation. He explained that the slowness of the process was a result of the complexity of the scale of assessments for the peacekeeping operations budget and the fact that changes had to be applied over a long period of time.

54. In reply to the questions posed by the representative of Cuba concerning the distribution of the $582 million to be paid by the United States of America in respect of peacekeeping operations, he confirmed that the principle of equal treatment for all Member States was strictly observed; thus, troop reimbursements were made to all countries for all the missions at the same time and for the same number of months. When partial payment for contingent-owned equipment was made, the amount authorized for each mission was divided between the various countries on a proportional basis.

55. Owing to cash-flow limitations, however, a system of priorities had been established. First, the missions must have sufficient cash reserves to meet their operating costs and pay their commercial debts over at least a three- or four-month period; next, missions must be able to pay any compensation owing in cases of death or disability and make payments owed to States under letters of assist and certified claims; and, lastly, countries must be reimbursed for troops and contingent-owned equipment.

56. He explained that the amounts that the Organization owed to the United States of America were a result of the fact that that country had instructed the Secretariat not to make any reimbursement for troops or equipment to it until it had settled the question of the payment of its contributions to the United Nations.

57. The sum of $582 million, which was to be received on 9 November and which, according to the Secretariat, would be used to reimburse troop-contributing countries, would be paid in several instalments: an initial payment of $381 million would be made at once to 47 countries, not including the United States of America, to meet claims that were already certified and entered as amounts to be paid as of 31 August 2001. Another $17 million, corresponding to claims for reimbursement which were in the process of certification, would be paid at a later date. Lastly, the amount owed by the United Nations to

the United States of America in payment of certified claims, for reimbursement $107 million, would be recorded as a credit as if that country had been reimbursed and, at the same time, had paid an equivalent amount in settlement of its arrears. In addition to those payments, which would be made rapidly, $77 million would be paid to States as other claims were certified.

The meeting rose at 11.40 a.m.